

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§ CASE NO. 21-33948-11
	§ JOINTLY ADMINISTERED
	§ HOUSTON, TEXAS
FIELDWOOD ENERGY, LLC,	§ FRIDAY,
	§ JUNE 25, 2021
DEBTORS.	§ 7:59 A.M. TO 9:45 A.M.

CONFIRMATION HEARING DAY FIVE (VIA ZOOM)

BEFORE THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:	SEE NEXT PAGE
COURTROOM DEPUTY:	TYLER LAWS

(Recorded via CourtSpeak; no log notes)

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APPEARANCES (VIA ZOOM):

FOR THE DEBTORS, FIELDWOOD
ENERGY, LLC:

WEIL GOTSHAL & MANGES, LLP
Clifford Carlson, Esq.
Alfredo Perez, Esq.
700 Louisiana Street
Suite 1700
Houston, TX 77002
713-546-5248

WEIL GOTSHAL & MANGES, LLP
Jessica Liou, Esq.
767 Fifth Avenue
New York, NY 10153
212-310-8817

FOR US DEPARTMENT OF THE
INTERIOR:

DEPARTMENT OF JUSTICE
John Zachary Balasko, Esq.
P.O. Box 875
Ben Franklin Station
Washington, DC 20044
202-514-7162

FOR APACHE CORPORATION:

HUNTON ANDREW KURTH, LLP
Robin Russell, Esq.
600 Travis Street
Suite 4200
Houston, TX 77002
713-220-4086

FOR THE AD HOC GROUP OF
SECURED LENDERS:

DAVIS POLK & WARDWELL, LLP
Damian Schaible, Esq.
450 Lexington Avenue
New York, NY 10017
212-450-4580

FOR EVEREST REINSURANCE
COMPANY:

CHIESA SHAHINIAN & GIANTOMASI
Darren Grzyb, Esq.
Scott Zuber, Esq.
One Boland Drive
West Orange, NJ 07052
973-530-2077

FOR TRAVELERS CASUALTY,
LIBERTY MUTUAL INS. CO.,
THE HANOVER INS. CO.,
AND XL SPECIALTY INS.:

LANGLEY, LLP
Brandon Bains, Esq.
1301 Solana Blvd.
Bldg. 1, Suite 1545
Westlake, TX 76262
214-722-7171

APPEARANCES (CONT'D VIA ZOOM):

FOR ENI PETROLEUM US, LLC AND ENI US OPERATING CO, INC.:	BRACEWELL, LLP Mark Dendinger, Esq. 185 Asylum Street, 34th Floor Hartford, CT 06103 860-256-8541
FOR NORTH AMERICAN SPECIALTY INSURANCE COMPANY:	LAW OFC OF T. SCOTT LEO, PC Ralph Kooy, Esq. 100 N. LaSalle St., Suite 51 Chicago, IL 60602 312-857-0910
FOR LEXON INSURANCE COMPANY:	HARRIS BEACH, PLLC Lee Woodard, Esq. 333 W. Washington St., Ste. 200 Syracuse, NY 13202 315-423-7100
FOR COX OIL, LLC:	LOCKE LORD, LLP Michael Kind, Esq. 111 S. Wacker Drive, Ste. 4100 Chicago, IL 60606 312-201-2392
FOR CHEVRON USA:	ANDREWS MYERS, PC Edward Ripley, Esq. 1885 St. James Place, 15th Fl. Houston, TX 77056 713-850-4200
FOR XTO OFFSHORE, INC.:	FORSHEY PROSTOK, LLP Suzanne Rosen, Esq. 777 Main Street, Suite 1550 Forth Worth, TX 76012 817-877-8855
FOR CONOCOPHILLIPS COMPANY AND McMORAN OIL AND GAS, LLC:	LOCKE LORD, LLP Omer F. Kuebel, III, Esq. 601 Poydras Street, Ste. 2660 New Orleans, LA 70130 504-558-5155
FOR ATLANTIC MARITIME SERVICES:	LUGENBUHL WHEATON, ET AL. Benjamin Kadden, Esq. 601 Poydras Street, Ste. 2775 New Orleans, LA 70130 504-568-1990

1 HOUSTON, TEXAS; FRIDAY, JUNE 25, 2021; 7:59 A.M.

2 THE COURT: All right. Good morning everybody.
3 We're going to go back on the Record from yesterday's
4 confirmation hearing in Fieldwood.

5 Mr. Carlson, can you tell me where we are?

6 MR. CARLSON: Good morning, Your Honor. Cliff
7 Carlson on behalf of Fieldwood. So, Your Honor, I think we've
8 made a lot of progress overnight. We've continued to work
9 with the parties and I think we've narrowed the issues to
10 either three or four, three or four issues that we'll see and
11 we'll beat them up before we're through, and we may need just
12 a little bit of guidance from the Court on those issues. But
13 we did, as you have up here, we did file the amended
14 confirmation order, and then we've also filed an Amended Plan
15 and blackline at 1731 and 1732.

16 But I think it's essentially in the order the Apache
17 provisions in Paragraph 82, the non-Apache sureties claim
18 reservation of rights that was the subject of a lot of
19 discussion yesterday, and Paragraph 97. One potential issue
20 with the Chevron paragraph, and then to the extent that the
21 Court deems it necessary some type of -- the issue raised by
22 Mr. Bains I think at the end of the hearing regarding
23 contribution and whether any reservation of rights are
24 necessary there.

25 So in my mind those are sort of the four open issues

1 that we have. Others can correct me if they think there's
2 anything else outstanding, but I think that's where we are.

3 THE COURT: All right. Well, why don't we -- I've
4 got somebody else that wants to be activated. Hold on.

5 (Pause in the proceedings.)

6 THE COURT: Oh, that was just you pressing -- after
7 I already had you activated.

8 All right. Look, I think what's going to make the
9 most sense is let you walk us through, and as we get to areas
10 that people -- the areas you've just identified, or any other
11 area that anyone wants to talk about, people can press five
12 star and we'll hear what they have to say. And on the ones
13 that you've just identified we'll obviously, you know, expect
14 it, but on others people may have other issues.

15 MR. CARLSON: That works.

16 THE COURT: So I notice that you changed Court to
17 Bankruptcy Court everywhere. I assume nobody cares about
18 that. There's a reference to Paragraph 149 that I believe
19 should be 150, but we'll get there in a moment.

20 MR. CARLSON: Okay.

21 (Reviewing document.)

22 THE COURT: I think that this reference in HHH, and
23 maybe we ought to have Mr. Balasko be the one to confirm it,
24 should refer to Paragraph 150 and not to Paragraph 149. I may
25 be wrong about that.

1 MR. CARLSON: That's very possible. We did get that
2 comment from Mr. Balasko and I think the paragraph moved by
3 one, and that's the --

4 THE COURT: That's what it looks like happened. I
5 just want to be sure we get it right so.

6 Mr. Balasko, should that say 150 or 149?

7 MR. BALASKO: Yes, Your Honor, that should be 150,
8 it looks like the paragraphs moved after I sent that change
9 over.

10 THE COURT: All right. Thank you.

11 MR. BALASKO: And I apologize, Your Honor, that
12 change appears in one other spot, so it needs to be consistent
13 in both changes.

14 THE COURT: I didn't get through the whole redline
15 before I had to come out, so that's the first place I found
16 it.

17 (Reviewing document.)

18 MR. CARLSON: This is just a definitional change.

19 THE COURT: All right.

20 (Reviewing document.)

21 MR. CARLSON: And this would be the addition for
22 Mr. Skelton's client that we added in.

23 (Reviewing document.)

24 MR. CARLSON: Your Honor, I think this may be the
25 first point of potential contention, but we may be resolved,

1 but I think this is the -- this is the Apache language that I
2 was referencing.

3 THE COURT: Okay.

4 (Reviewing document.)

5 MR. CARLSON: Because I think Ms. Russell had just a
6 change, I don't know if she would like to comment on whether
7 we're -- or whether there is an additional change here that --

8 THE COURT: Ms. Russell, good morning.

9 MS. RUSSELL: Good morning, Your Honor. We have
10 minor changes to this which shifted it to the lender. The
11 Debtor has signed off. I don't think they are controversial,
12 but they are further modifications to the new language that
13 you have on the screen. And we can read it or we can wait
14 until the end of the hearing, see if the lenders have had a
15 chance to reply to it.

16 THE COURT: Now's the time, so why don't you read it
17 in and let's see what the lenders think.

18 MS. RUSSELL: Okay. So I'm going to begin with the
19 parenthetical other than with respect to any new co-entity.

20 THE COURT: All right.

21 MS. RUSSELL: Okay. And I'll stop when I get to the
22 additions. So --

23 THE COURT: And let me just say --

24 MS. RUSSELL: -- other than --

25 THE COURT: -- Ms. Russell, if it is easier for you

1 to display it, I can also just have your screen show up. So
2 you can either read it or display, whichever one you want. I
3 just want to resolve it.

4 MS. RUSSELL: All right. Let's see then if we can
5 display it. I have it in an email, but I can maximize my
6 screen.

7 THE COURT: Okay. You need to accept sharing.

8 MS. RUSSELL: All right.

9 THE COURT: There we go.

10 MS. RUSSELL: Right. So legal fees here are in red.
11 The Fieldwood One entity has a subsidiary, Shelf, that will go
12 with it, so we needed to capture that this provision would
13 also apply to that subsidiary. And then ii in bold is just a
14 further clarification.

15 THE COURT: All right. Are there objections to the
16 Apache proposed language?

17 (No audible response.)

18 THE COURT: Mr. Zuber, I see you talking, I want to
19 be sure you're not talking to me, because I can't hear you.

20 (No audible response.)

21 THE COURT: Mr. Schaible.

22 MR. SCHAIBLE: Your Honor, we have no objection to
23 this language.

24 THE COURT: All right. If anyone has any objection
25 to this language, please press five star.

1 (No audible response.)

2 THE COURT: All right. I will incorporate the
3 language proposed by Apache into the confirmation order.
4 Thank you, Ms. Russell.

5 MS. RUSSELL: You're welcome, Your Honor.

6 THE COURT: We'll go back now to my screen and we'll
7 look at the redline again. Okay.

8 (Reviewing document.)

9 THE COURT: So I don't know that means. Our order
10 deals pretty extensively with the affect of the order and
11 confirmation itself. Does Everest's reservation of rights
12 mean that they are not bound by the order, Mr. Carlson? Or
13 are they still bound by the order and subject to the order
14 whatever rights they have, they have?

15 MR. CARLSON: The latter, Your Honor, they are bound
16 by the order. Plan documents should be defined to capture the
17 order so it reads (glitch in the audio).

18 THE COURT: Would you just look at the -- I don't
19 want to lose where we are on my screen, do you know if Plan
20 documents includes this order?

21 MR. CARLSON: It should. Let me confirm it. One
22 second.

23 THE COURT: All right. Mr. Grzyb, go ahead, please.

24 MR. GRZYP: Yeah, just by way of context there's --
25 Everest obviously has the bond that we issued in favor of

1 Apache that was part of the Apache term sheet, and we also
2 have issued a number of other bonds that are not -- that does
3 not mean Apache is an obligee and we're just clarifying that.
4 Only the bond in favor of Apache was part of the term sheet
5 and everything else is subject to the Plan documents,
6 including this order. I have no problem if the provision
7 includes the order.

8 THE COURT: I'm good. Thank you, sir.

9 MR. Carlson.

10 MR. GRZYB: Thank you.

11 MR. CARLSON: Yes, and I have confirmed in
12 Paragraph -- on the order --

13 THE COURT: Thank you.

14 MR. CARLSON: -- it does that.

15 (Reviewing document.)

16 THE COURT: All right. I think this was also one
17 that you said might be controversial. Let me hear from
18 parties about this.

19 Mr. Bains and Mr. Dendinger, let me enable both of
20 your lines. Go ahead, please.

21 MR. BAINS: Good morning, Your Honor. Brandon Bains
22 on behalf of Travelers, Liberty, Hanover and XL. Really just
23 a clarifying question regarding what's on your screen right
24 now that I raised with the Debtors and the lenders. I have
25 not heard back. I'm unclear what the difference is, the

1 distinction that's trying to be drawn between X and Y. I
2 certainly recall the conversation we had yesterday with
3 Mr. Schaible on post-effective date activities. I understand
4 that's been the Court's ruling. So I'm not clear what we're
5 trying to do there and what we're trying to cover.

6 THE COURT: Let me tell you what I meant because I
7 think this does capture what I meant, and then we'll see if
8 you have an objection to this. So there's a pretty good body
9 of law that says that an owner of property has a continuing
10 duty that arises constantly to comply with, you know,
11 applicable law with respect to health and safety issues.

12 So there's an argument that the day after the
13 effective date the credit bid purchaser would have a P&A
14 obligation with respect to predecessor activity, and that
15 would accrue every day. This says that the subrogation rights
16 will only apply if both accrues and relates to activity
17 itself, not mere ownership of the property.

18 That's why I think it probably does capture it. But
19 if you think that's incorrect, then why don't you go ahead.
20 But that's what I'm intending and I think this captured what I
21 intended.

22 MR. BAINS: I think there, Your Honor, then Y should
23 probably say relates to post-effective date activities as
24 opposed to arises from, and I think that's what you just said,
25 to be consistent with what your intentions are. Obviously we

1 have all our objections to all of this stuff, we --

2 THE COURT: All right. I got that. Tell me the
3 difference between -- in your mind and then let me hear from
4 others the difference between relates to post-effective date
5 activity and arises from post-effective date activity. I'm
6 not sure I'm appreciating the difference and I want the
7 parties to be able to articulate that.

8 MR. BAINS: To be completely frank, I was parroting
9 back what your language was there, just making sure you
10 thought there was a difference, that it was clear based on
11 what you just said that the order reflected that. I'm not
12 near enough of a scholar of the English language to be able to
13 pontificate on arise versus relate. But I just wanted to make
14 sure it conformed with your intentions.

15 THE COURT: No, I think this -- I think the language
16 there is good for what I intend. So if that's what we're
17 doing, then I'm going to leave this language alone.

18 All right. Any other objections to it with that
19 clarification by the Court?

20 (No audible response.)

21 THE COURT: Okay. Thank you.

22 Sorry, Mr. Dendinger, you did not speak up, but I
23 enabled your line. Did you have something you wanted to add?

24 MR. DENDINGER: Yes, Your Honor. Thank you. For
25 the Record, Mark Dendinger, Bracewell, for ENI Petroleum US,

1 LLC and ENI US Operating Co, Inc. Your Honor, we have
2 suggested two changes to this paragraph of the order that we
3 believe is consistent with the Court's thinking yesterday.

4 During the course of the hearing one of those
5 changes the Weil team has signed off on, the Davis Polk team,
6 or the other folks on the line have not necessarily signed off
7 on. And I gather it's just a new change that I think is
8 consistent with the Court's ruling. So if we could scroll up,
9 I could walk the Court through both suggested revisions to
10 this order.

11 THE COURT: Yeah, is this something that we should
12 do like we did with Ms. Russell and let you show them to
13 everyone, or do you want to read them? What's going to be
14 best?

15 MR. DENDINGER: I think I could read them into the
16 Record, I think that will be fine.

17 THE COURT: Okay.

18 MR. DENDINGER: Okay. All right. Mr. Carlson, if
19 you wouldn't mind scrolling up to the first change that
20 Ms. Liou signed off on.

21 THE COURT: Yeah, I'm the --

22 MR. DENDINGER: There, thank you.

23 THE COURT: -- I'm the scroller, so tell me where
24 you want to be.

25 MR. DENDINGER: Okay. I apologize. The sentence

1 Your Honor, that starts -- well, looks like maybe this change
2 was already made. Okay. I apologize, Your Honor. So the
3 only change that I think that we would request would be we
4 want this paragraph to be subject to our specifically
5 negotiated paragraphs and our -- ENI definitive documentation.

6 And so what we would suggest is a new sentence at
7 the end of Paragraph 97 that would say, For the avoidance of
8 doubt this Paragraph 97 shall be subject to the ENI paragraphs
9 in 111-18 of this order, the ENI implementation agreements,
10 and the ENI definitive documents.

11 THE COURT: I think so long as you say -- clarify
12 that it's subject to those only with respect to ENI, so not
13 with respect to everybody. If you can fix that -- you follow
14 what I'm saying? You're making everybody subject to the ENI
15 paragraphs. Can you say, For the purpose of this Paragraph 97
16 ENI's rights and obligations are governed by those other
17 paragraphs to the extent of any conflict?

18 MR. DENDINGER: Your Honor, may I suggest the
19 parties referenced in those particular paragraphs because
20 there are other parties referenced in those paragraphs besides
21 ENI

22 THE COURT: Fair enough. Yeah, I just don't want to
23 make it so broad that it swallows everybody else into it. But
24 that's fine.

25 Let me see if anyone has any objection to language

1 of that nature.

2 MR. SCHAIBLE: Your Honor, it's Damian Schaible.
3 May I be heard?

4 THE COURT: Yes, Mr. Schaible.

5 MR. SCHAIBLE: The only thing that -- and I'm sorry
6 to be (glitch in the audio) but we were fine with the first
7 change which was put in. The only thing that gives me a
8 minute of pause, and unfortunately I don't have a good answer
9 for it, is, well, this paragraph was important obviously
10 because it's clarifying subrogation rights, moving what
11 subrogation rights don't move.

12 In one of the documents that -- and I'm now worried
13 at all about the paragraph, but in one of the documents that
14 Mr. Dendinger is referring to, there's broader subrogation
15 rights. Are we saying that this gets overridden? That's the
16 part that's giving me a little bit of pause, Your Honor.

17 THE COURT: Mr. Dendinger, I assume that we're only
18 talking about things that have already been written down in
19 these paragraphs. Do we need to incorporate the documents
20 themselves? The paragraphs allow the documents but only
21 consistent with the paragraphs. Right?

22 MR. DENDINGER: That's correct, Your Honor. And the
23 paragraphs, in my mind, incorporate the documents because the
24 documents are referenced in the paragraphs. These are simply
25 the definitive documents that we had negotiated with the Weil

1 team and the Davis Polk team. They are unexecuted versions of
2 those documents now and upon the effective date the Davis Polk
3 team's client will be signing a joinder for those documents.
4 So those are the parties that are bound in those documents
5 that are being referenced in those paragraphs.

6 THE COURT: Got it. Okay. I didn't realize they
7 were finalized.

8 MS. LIOU: Your Honor? Your Honor, it's Jessica
9 Liou from Weil Gotshal & Manges, on behalf of the Debtors.

10 THE COURT: Yeah, hold on just a minute. I want to
11 hear from Mr. Schaible about that before we come to you.

12 Mr. Schaible?

13 MS. LIOU: Sure.

14 MR. SCHAIBLE: As we said, well, subject to
15 Ms. Liou's idea I think if Mr. Dendinger doesn't mind, I'd
16 love to do it Your Honor's way and refer to the paragraph.
17 The paragraph then refers to the documents. So we're
18 comfortable with just the paragraph, you know, not limiting
19 rights. So I think if we just refer to the paragraphs and
20 that might be easier.

21 THE COURT: All right. Ms Liou?

22 MS. LIOU: Yes, Your Honor. I'm fine with
23 Mr. Schaible's approach. I think that is the better approach
24 here. And I wanted to clarify that it really should only be
25 the parties that are bound to any definitive documents, other

1 than subject to whatever carve outs exist in those documents.

2 THE COURT: Ms. Russell?

3 MS. RUSSELL: (No audible response.)

4 THE COURT: Ms. Russell?

5 MS. RUSSELL: Yes, Your Honor. This relates to a
6 different issue, but still in Paragraph 97. If I could ask
7 the Court to please scroll up just slightly so that we can
8 see -- yes. Let's see --

9 (Previewing document.)

10 MS. RUSSELL: All right. Thank you, Your Honor. It
11 has been dealt with.

12 THE COURT: All right. Everybody hold on just a
13 second.

14 (Pause in the proceedings.)

15 THE COURT: Mr. Dendinger, what are the paragraphs
16 that you mentioned before, the paragraph numbers?

17 MR. DENDINGER: Yes, Your Honor, they're Paragraphs
18 111 to 118.

19 THE COURT: Thank you.

20 (Pause in the proceedings.)

21 THE COURT: I think that's what everybody is saying,
22 and should resolve it. But I don't want to leave the hearing
23 without knowing we have a resolution. Can I hear objections
24 to the language I've just put on the screen?

25 MS. LIOU: Your Honor, Jessica Liou on behalf of the

1 Debtors. I think the language that says the rights and
2 obligations of the parties bound by Paragraph whatever
3 whatever should actually say, The rights and obligations of
4 the parties bound by the agreement or any definitive documents
5 referenced in Paragraph 118 to -- sorry, 111 to 118.

6 THE COURT: The rights in paragraphs of the parties
7 bound by --

8 MS. LIOU: Any definitive documents.

9 (Pause in the proceedings.)

10 MS. LIOU: And any implementation agreement.

11 (Pause in the proceedings.)

12 MS. LIOU: Oh, sorry, it should be and ENI
13 implementation agreement. Apologies.

14 THE COURT: It's all right.

15 (Pause in the proceedings.)

16 THE COURT: Is that what you're asking, Ms. Liou?

17 MS. LIOU: That's right. Thank you. Yes, yes,
18 thank you, Your Honor.

19 THE COURT: All right. Mr. Dendinger, does that
20 work?

21 MR. DENDINGER: Your Honor, I would ask that NAS be
22 added there. There are rights and obligations being spoken of
23 of our surety provider in those paragraphs, and so if we could
24 add NAS in, that would resolve my issue.

25 (Pause in the proceedings.)

1 THE COURT: Does that work?

2 MR. DENDINGER: That works for ENI, Your Honor.

3 THE COURT: Does that work for the Debtor?

4 MS. LIOU: Your Honor --

5 THE COURT: Go ahead.

6 MS. LIOU: -- two minors points. I believe the
7 second line, the beginning that should be Matter with two Ts,
8 and the third line, the ENI implementation agreement is just a
9 singular agreement.

10 THE COURT: All right. Mr. Schaible.

11 MR. SCHAIBLE: This works fine for me, Your Honor.
12 Thank you.

13 THE COURT: Mr. Kooy.

14 MR. KOOY: Yes, Your Honor. This debates then your
15 prior comments, I just want to -- I don't even know that this
16 necessary, I just want to maintain -- I represent NAS -- to
17 maintain and make sure we're preserving our objections to the
18 extent the Paragraphs 111 through 118 indicate. And I think
19 as everybody is aware of here we have a declaratory judgment
20 action against ENI and Chevron.

21 We're objecting to the statement that their
22 participation and agreement here has no impact on our rights
23 to surety and our right to assert defenses including, you
24 know, the expansion of liability here. It's the same general
25 objection we've had. I just want to make sure we're

1 preserving that, Your Honor.

2 THE COURT: It's preserved, and overruled.

3 MR. KOOY: Very good, Your Honor.

4 THE COURT: Thank you.

5 All right. Are you all able to take a screen shot
6 of this, or how am I going to get this information over to the
7 Debtor to incorporate it? Somebody take out their iPhone and
8 take a picture of it?

9 MR. CARLSON: That should work.

10 THE COURT: Mr. Perez?

11 MR. PEREZ: Your Honor, there's a little camera
12 function on the side there and if you hit that, it takes a
13 screen shot.

14 THE COURT: I know, but you all need a screen shot,
15 not me.

16 MR. PEREZ: I could take -- I took one, Your Honor,
17 and sent it.

18 THE COURT: Okay. Good. I just want to be sure you
19 all have this to incorporate in the final version. Okay.
20 Let's move ahead.

21 (Reviewing document.)

22 MR. BAINS: Your Honor, if I may while we're on that
23 paragraph?

24 THE COURT: Of course.

25 MR. BAINS: Again, Brandon Bains. Mr. Carlson

1 referenced earlier a conversation yesterday about contribution
2 rights. We did circulate some folks language for Paragraph
3 99. Now I will say that was actually Mr. Zuber that initially
4 raised that issue, so I might defer to him. But we did have
5 some proposed language that was sent to the Debtor yesterday
6 evening simply noting that contribution rights were preserved
7 and not subject to any of the restrictions on the subrogation
8 language, and Mr. Zuber might not characterize your argument
9 properly.

10 THE COURT: Mr. Zuber, can I get you to share a
11 screen that would show us that language? Your line has
12 remained active.

13 MR. ZUBER: I know.

14 THE COURT: Yeah, so you won't need to press five
15 star again I don't think, Mr. Zuber.

16 MR. ZUBER: Judge Isgur, I have that language in
17 front of me as well, if you want to give me the screen.

18 THE COURT: Sure. So I've got Mr. Zuber's line
19 active, as well as I'll go ahead, Mr. Bains --

20 MR. ZUBER: Your Honor --

21 THE COURT: -- and I'll make you're line active.
22 Go ahead, Mr. Zuber.

23 MR. ZUBER: Your Honor, I defer to Mr. Bains on this
24 issue. While I believe that Your Honor's ruling with respect
25 to preservation of contribution rights was crystal clear, I

1 think that the language in Paragraph 97 which provides that
2 there's a preservation of any of the rights or defenses of the
3 non-Apache sureties against any non-debtor entity, including
4 but not limited to any predecessors-in-interest or co-working
5 interest parties with respect to the Debtor's assets would
6 cover contribution rights.

7 I certainly have no objection to making that more
8 expressed. If Mr. Bains would like to provide some language,
9 but I believe that this language is broad enough and is
10 consistent with Your Honor's ruling. I have a clear record
11 that we are not waiving any contribution rights.

12 THE COURT: Can I -- I'm not sure why we have in
13 there post-effective date. And maybe -- I don't have a
14 problem including clarifying language, but I think you're
15 actually limiting what I said. So if you have a contribution
16 right that already arose, I'm not intending to limit those
17 either. And I'm a little bit inclined to take out the
18 language, this post-effective date.

19 MR. ZUBER: That'll be okay with us, Your Honor.

20 THE COURT: Let me hear from anyone that believes
21 this language is inappropriate. I mean we are doing things
22 here that are difficult and hard and I think that I want to be
23 sure we have clarity, and I don't believe that it would
24 reasonable to alter or diminish third party versus third party
25 contribution rights that exist as of today.

1 MR. CARLSON: Your Honor, I don't think we -- this
2 language works. I think -- and I guess -- well first off, we
3 think that -- we don't think that language is necessary. We
4 think the Record and the documents don't affect the
5 contribution rights. But I think here the issue with this
6 language is that it would eviscerate or override certain
7 provisions of the Plan. Here we're saying that nothing in the
8 Plan impacts their right to seek contribution from any
9 interest party or predecessor. I don't think that that's
10 necessarily a right.

11 THE COURT: Well, how are you trying to affect those
12 contribution rights? I thought you weren't and I don't think
13 I was intending to authorizing you to affect those
14 contribution rights.

15 MR. CARLSON: I think if we carve out or we just
16 make clear that we're only talking about non-debtors or NewCo
17 or the post-effective date entities. I think if we carve all
18 of those parties out, this would work. But that's me speaking
19 and others can disagree, but --

20 THE COURT: I got it.

21 MR. CARLSON: -- it doesn't --

22 THE COURT: No, no, no, that makes sense. Obviously
23 the Plan will affect the contribution rights from, you know, a
24 debtor or a reorganized entity under this. It's the third
25 party rights that we're not affecting.

1 I got it, but I do want to give them the clarifying
2 language. I've given other people clarifying language to be
3 sure they're comfortable. This has been -- I know this is
4 hard on the sureties and I want to be sure that they leave
5 understanding, you know, appropriately what they're getting.

6 Mr. Bains, can we add in language here, I'll let you
7 type it in, that makes it clear that you're not trying to
8 retain a contribution right, you know, against the entities
9 that Mr. Carlson has identified. Do you want to take a few
10 minutes and draft that and I'll come back to you? Because I
11 think that may be hard to draft.

12 MR. BAINS: Well, and I believe we had that same
13 language back up in 97 or somewhere that we were talking about
14 the original rights. I don't know, there's -- I think there's
15 a parenthetical that has some language on the Debtor and the
16 NewCo entities. Is that what you're envisioning, I guess both
17 to Mr. Carlson and to the Judge.

18 MR. CARLSON: I think that's right, just to say, I
19 think it can be clear that it doesn't -- that if we're carving
20 out the Debtors, the post-effective date Debtors, Fieldwood
21 One, Fieldwood Four and the NewCo entities, I think that -- I
22 think that's everyone.

23 THE COURT: So --

24 MR. BAINS: Your Honor, I can certainly, after I get
25 control back, or you get control back of the screen, I can

1 incorporate that language and Mr. Carlson and I can email it
2 to you. If you'll give me about four minutes and then we can
3 go from there. If that works, however you want to handle it,
4 Judge.

5 THE COURT: Yeah, why don't we come back and we'll
6 do it all on the screen. I'll take back the screen now so
7 that you don't have to show everybody you're drafting efforts,
8 but then when you're ready just tell me and we'll come back
9 and we'll all look at it together and then let's decide. I
10 really don't want to put things off so that, you know,
11 somebody else then has a problem with what you draft so.

12 Okay. Let me see. Okay. So you got back your own
13 screen, we can't see it, I'll let you do some drafting.

14 Mr. Woodard, I think you wanted to speak.

15 MR. WOODARD: Thank you, Your Honor. Maybe if I can
16 take about half of Mr. Bains four minutes, maybe that'll help
17 everybody fill the void. I have the unenviable task, Your
18 Honor, of being Number 6 in asking you to listen just for a
19 moment, if I could, on a slightly different aspect of what has
20 been overruled, the objection that's been overruled five times
21 previously and no doubt will be again now.

22 But I need to put on the Record a couple of things
23 if --

24 THE COURT: Go --

25 MR. WOODARD: -- I have been --

1 THE COURT: -- go right ahead, Mr. Woodard.

2 MR. WOODARD: -- first of all --

3 THE COURT: Go back -- although I've been overruling
4 people, I'm doing my best to preserve all -- everybody's
5 appellate rights. My goal shouldn't be to stop you from
6 preserving your objections. So go ahead and --

7 MR. WOODARD: And I --

8 THE COURT: -- maybe you've got some new argument
9 and you can carry the day for everybody. We'll see.

10 MR. WOODARD: It is a slightly new argument, Judge.
11 I started this off with -- on Monday of actually being in your
12 camp, and I think I'm slipping a little bit. However, all of
13 the things that I agreed with you are still there. So all of
14 the items that the Court has the ability to do under 363, the
15 Debtor. The facts are that the bonds continue to exist,
16 notwithstanding the fact of the loss of the principal. All of
17 those things I still agree with.

18 But at the end of the day every day this week I've
19 had this dilemma trying to figure out, because while I wear
20 the hat of a bankruptcy counsel, I understand the concepts of
21 elimination of debt and going through the confirmation process
22 and discharge and all that. As I wear the hat of a surety
23 counsel, however, the idea of losing the ability to maintain
24 the suretyship rights of a surety is just contrary to basic
25 surety law.

1 So each day as I listen to the variety of the five
2 arguments before mine, I've struggled each night trying to
3 figure out how it is that I reconcile all those things. And I
4 think that I've finally come to what I believe to be a viable
5 solution to it, but as I say, I would anticipate no different
6 end result, but let's give it a run.

7 The acquisition of the leases on the effective date
8 carries with it certain obligations that take effect whether
9 the leases -- take effect when the leases are actually
10 transferred to any of the post-confirmation entities. There
11 are -- and that has nothing to do with the sureties. These
12 are obligations that come into existence under -- whether it's
13 the outer Continentals shell pack, whether it's any of the CFR
14 provisions that place a variety of maintenance,
15 decommissioning, safety obligation on any owner/operator of a
16 lease.

17 So the moment that the entities actually take over
18 on behalf of -- that take the assignment of these leases and
19 become owner/operator they have a new set of obligations that
20 don't relate to the sureties, that relate solely to the
21 Government. It is only the DOI, BSEE, BOEM in any of their
22 pieces. So that is a straight line of liability from the
23 credit bit purchaser, from Fieldwood One, Three, Four directly
24 to the Government.

25 Mr. Dane testified during his direct testimony that

1 NewCo is going to be responsible for someplace between 330-
2 and \$350 million of P&A liability, and that that was part of
3 their entire deal and it was -- it's a wonderful thing what
4 NewCo was going to be doing for everybody. All of those post-
5 petition -- post-effective date. Once they take those on, new
6 obligations.

7 He also testified the same was going to be true
8 under Fieldwood One, Three and Four just that he said that
9 they are taking assignment of leases as well.

10 And all of that liability is completely independent
11 of the bonds. So if just assuming for moment that the
12 regulators, upon the default, right, one of those entities
13 doesn't do what they're supposed to do under the CFR and the
14 regulators declare a default, they could look to those
15 entities directly from themselves, from the Government and
16 declare the default and seek the monetary whatever,
17 restitution, clean up, whatever they be directly to
18 themselves. They don't need to call the bond, they don't need
19 to do anything else. And that right exists the moment they
20 sign those leases.

21 Now we also agree on Monday, and I still do today,
22 that the bond continues. We don't get out from under it. The
23 bond will live on indefinitely until we're released from our
24 obligee, which in our case is the Government. So the
25 Government can also turn around and say to Lexon, Okay, Lexon,

1 these bonds are still in existence, there's a violation of
2 that lease that's being conducted by credit bid NewCo. You
3 pay us the money. And we won't -- whether we have a defense
4 or not we'll deal with that at that time.

5 But assuming that we don't and we have to pay that
6 money, now we flip back to straight surety law because that
7 bond is still there, it is still under surety law. And so our
8 obligation runs directly to the Government. The NewCo 1, 3, 4
9 run directly to the Government. Now the Government takes the
10 money. Suretyship law. It's very simple in this regard.
11 When you boil it all the way down what subrogation is, is the
12 surety case but under the rights of the obligee.

13 It is not a claim by the surety itself. It is a
14 claim using the Government's rights in order to reimburse the
15 Government and the surety from the party that has done the
16 wrong. So at the end of the day here you've got a post-
17 petition obligation that's a direct line obligation to the
18 Government and you have what is -- well, it was a pre-petition
19 original bond, it has lived on post-petition and has been
20 certainly -- continued to be ratified by the Government, but
21 they're not going to let us off the hook.

22 So we have a post-effective date default, payment
23 and the surety would be only exercising the direct rights from
24 the NewCo, whoever it might be, to the Government and that's
25 why, at least in my mind, Your Honor, that's why when you come

1 to the end of the day, I come back around to say the
2 suretyship's still there.

3 The suretyship doesn't get eliminated by the
4 confirmation. The rights are still there and going forward.
5 Now I understand what the language is, and we're trying to
6 hammer that out as best we can. But I needed to get this on
7 the Record and also to acknowledge that we're joining in what
8 Mr. Zuber had to say yesterday. But it is a slight different
9 argument, and I wanted the Court to be aware of it.

10 THE COURT: Mr. Woodard --

11 MR. WOODARD: Thank you, Your Honor.

12 THE COURT: -- first of all, thank you, I think
13 it's a really clear statement of the argument. I'm not sure
14 that I believe it to be different than at least the way that I
15 heard and that I've been considering the argument. So I've
16 certainly thought about the issue that you are raising.

17 And again, I want to, because you've raised it
18 again, which is more than fair, I want to again explain why I
19 believe what we're doing is correct so that there is a Record
20 of our decision that you can appeal if your client determines
21 that's the best thing to do.

22 The sureties today right now can liquidate their
23 claim and have a claim against Fieldwood that is the principal
24 on the bonds. That claim may be for the full amount of the
25 bonds. And if so, you will get a claim for the full amount of

1 the bonds. I'm not liquidating it right now. But you have
2 the right to assert that full claim. No one is taking away
3 any of your rights against the principal. And I understand
4 that's in part not your argument, but it's important to put in
5 context that all the principal rights are there.

6 Now the principal can't pay in full, but you can get
7 a liquidated claim against the principal for whatever it is
8 that you're entitled to. And under the bankruptcy law we can
9 determine the amount of the claim that will exist in the
10 future whether or not you have yet paid it, because all of
11 that falls within the definition of a claim.

12 So 100 percent of the sureties' rights can be
13 vindicated against the Debtors. The rights that you have
14 described, which arise in favor of the Government, arise under
15 28 USC 959 in my view. And you have described that the
16 acquiring entity will have a continuing obligation to BOEM and
17 BSEE and the Department of the Interior.

18 The issue that you're asking me to rule on, and that
19 I am ruling on, is whether the Bankruptcy Court is empowered
20 as part of the Plan's adjudication and Plan process to say
21 that you're not going to get subrogation rights to the
22 Government if they come back against the acquiring entity. I
23 rely in large part on our ability to do that, on the
24 Bankruptcy Code, and in large part on *Midlantic*.

25 Finally, I rely on the really complete evidentiary

1 record that we have. The evidentiary record that we have is
2 that there will not be an acquirer of these entities if they
3 will then be subject to subrogation by the surety. So the
4 sureties are in a position where if we don't do the Plan, you
5 will just have an eminent default and the entire surety issue
6 will be, you know, available subject to whatever defenses you
7 have if the Government calls it.

8 Under the Bankruptcy Code we could authorize, and
9 may authorize the sale of the property, the *en rem* property
10 free and clear of all liens, claims and encumbrances. That
11 includes equitable rights including the equitable right of
12 subrogation. So what do we do when we have subrogation law
13 that comes into conflict with the ability to sale under
14 Section 363 free and clear of those types of equitable rights.

15 And that is informed by *Midlantic*, which is we
16 should apply the Bankruptcy Code in a manner that allows the
17 Government to maximize the environmental consequences that are
18 facing the country and in this case the Gulf of Mexico if we
19 don't do the right thing. Accordingly, when you look at 363
20 and 959 and *Midlantic* and the evidentiary record we have, this
21 is the only solution to the problem.

22 I do not make the sureties worse off by confirming
23 the Plan, I make them better off by confirming the Plan. I am
24 true to the requirements of *Midlantic* and I am true to the
25 language of the Code. And for that reason I overrule the

1 objection.

2 I appreciated the statement in the way in which it
3 was made, Mr. Woodard. Thank you.

4 MR. WOODARD: Thank you, Judge. I appreciate the
5 opportunity to put it on the Record.

6 THE COURT: Absolutely.

7 Mr. Liou, go ahead.

8 MS. LIOU: Your Honor, may I take a moment perhaps
9 for my comment. It was regarding an earlier paragraph and I
10 believe that the parties are going to work separately on
11 language and come back to you on that. So I'm okay with that.

12 THE COURT: Thank you.

13 By the way, for those of you whose lines have
14 remained active, you don't need to press five star again. You
15 can simply, you know, speak up at the right time.

16 Mr. Bains, I'm going to come back to you and see if
17 we're -- are you ready to show us a document at this point?

18 MR. BAINS: Yes, Your Honor.

19 THE COURT: Thank you. Mr. Woodard took longer than
20 he forecast, so I figured you'd be ready by now.

21 MR. BAINS: Good argument, Mr. Woodard.

22 THE COURT: It was a --

23 MR. BAINS: I at least believe you.

24 THE COURT: It was a good argument from Mr. Woodard,
25 and I appreciated hearing it. But nevertheless it took longer

1 than two minutes, so I figured you'd be finished.

2 MR. BAINS: True. I'm putting it up now.

3 (Pause in the proceedings.)

4 THE COURT: Let me hear from parties that might
5 object to Mr. Bains's language.

6 (Pause in the proceedings.)

7 THE COURT: Mr. Carlson, you okay?

8 MR. CARLSON: Yes, that captures what we discussed.

9 THE COURT: Mr. Schaible?

10 MR. SCHAIBLE: Yes, Your Honor. Thank you.

11 THE COURT: Mr. Bains, we're going to order the
12 incorporation of the language on the screen into the
13 confirmation final draft. Thank you for doing that.

14 Do you all have a picture of that so that we can
15 move ahead?

16 MR. CARLSON: Yes, we took one.

17 THE COURT: Thank you.

18 MR. BAINS: I'll email it to you as well so that
19 would just make it easier to cut and paste.

20 MR. CARLSON: Thank you, Mr. Bains.

21

22 THE COURT: Okay. We're going to back into my
23 screen now and the -- I have to say, isn't the technology just
24 amazing that we can do all of this? In some sense it's
25 actually better than being live in court. Right? Where, you

1 know, Mr. Bains can sit at his desk and he can draft
2 something, and Mr. Carlson can get it and -- I don't know. I
3 mean, you know, we're going to have an interesting hybrid life
4 come January -- excuse me, September 7 as far as I'm
5 concerned.

6 MR. CARLSON: I'm just glad my kids and dog aren't
7 coming into the background, so that's appreciated.

8 (Laughter.)

9 MR. DENDINGER: Your Honor, it's Mark Dendinger.
10 May I be heard briefly on that language?

11 THE COURT: Yes. And Ms. Russell also wanted to be
12 heard, and your -- both of your lines are active, so go ahead.

13 MS. RUSSELL: Your Honor --

14 MR. DENDINGER: Thank you, Your Honor.

15 MS. RUSSELL: -- if we could put up the last -- if
16 we could bring up the language that we've seen blasted. In
17 looking at that language we need to add GOM Shelf behind
18 Fieldwood One in the parenthetical.

19 THE COURT: Are you -- are you in the language
20 Mr. Bains drafted, or some other language? I apologize.

21 MS. RUSSELL: Yes, what Mr. Bains was drafting. If
22 that can come back up on the screen for just a moment.

23 THE COURT: We'll try.

24 (Pause in the proceedings.)

25 MS. RUSSELL: So in the parenthetical where it says,

1 Debtors Fieldwood One, if we could, after Fieldwood One put in
2 GOM Shelf.

3 (Pause in the proceedings.)

4 MR. CARLSON: Like that?

5 MS. RUSSELL: Yes. And, Your Honor, we're going to
6 do one very close final review to make sure that this is
7 not -- that GOM Shelf doesn't need to be added in other
8 places. But that is the intent of the Plan since it is a
9 subsidiary of Fieldwood One that it be captured in these
10 tasks.

11 THE COURT: So, Mr. Carlson, in each instance in
12 which it is appropriate to add clarification that Fieldwood
13 One includes GOM Shelf I'm ordering you to include it in the
14 final confirmation order.

15 We had someone else though that wanted to speak. Go
16 ahead.

17 MR. DENDINGER: Yes, Your Honor. Mark Dendinger at
18 Bracewell for ENI.

19 THE COURT: Yes.

20 MR. DENDINGER: If it isn't included in Paragraph
21 97, that will be fine. If it's not included in Paragraph 97 I
22 need for this to be subject to the same sentence we just
23 negotiated that to the extent of any conflict, ENI the
24 paragraph shall survive, or shall control.

25 THE COURT: Let's make this easy, Mr. Carlson. Put

1 that language that Mr. Bains drafted into Paragraph 97 so that
2 we don't have to do brain surgery to get it in the right
3 place. Thank you.

4 MR. DENDINGER: Thank you, Your Honor.

5 THE COURT: All right. We're now going to go back
6 to the proposed confirmation order.

7 (Pause in the proceedings.)

8 MR. CARLSON: So, Your Honor, the next set of
9 paragraphs are the Chevron paragraphs, and I think we've,
10 during this hearing resolved the open issue on this point, and
11 I'm hesitant to do this, given my track record, but I think I
12 can put the language on the screen that hopefully resolves the
13 issues.

14 THE COURT: We'll let you try and redeem yourself.

15 (Pause in the proceedings.)

16 THE COURT: Look at that.

17 (Pause in the proceedings.)

18 MR. CARLSON: I think we need to include GOM Shelf,
19 Your Honor.

20 THE COURT: Mr. Ripley?

21 MR. RIPLEY: Yes. Yes, good morning, Your Honor.
22 It's Ed Ripley --

23 THE COURT: Good morning.

24 MR. RIPLEY: -- Andrews Myers, on behalf of
25 Chevron. Good morning.

1 THE COURT: Good morning.

2 Does anyone have any problem with this addition to
3 the CUSA (phonetic) section?

4 MR. RIPLEY: Yeah, Judge, where I think we've
5 landed -- and I really appreciate both the Weil team and the
6 Davis Polk team -- yes, it starts right there.

7 Mr. Carlson, we're just going to include that last
8 sentence starting with the, Nothing within.

9 MR. CARLSON: Yes, it looks like I missed an email.
10 Right.

11 MR. RIPLEY: Yeah, no problem. Judge, we've been
12 using the time as you've been working through other things,
13 it's a lot of moving parts.

14 THE COURT: I got it.

15 Does anyone object to this inclusion?

16 (No audible response.)

17 THE COURT: Okay. We'll include it. Thank you.

18 (Pause in the proceedings.)

19 THE COURT: This language, however, is staying in
20 104 and then you're just adding to this. Is that correct?

21 MR. CARLSON: That's correct.

22 MR. RIPLEY: Correct, Your Honor. Yeah, the
23 additional language that we've agreed on.

24 THE COURT: And does anyone have any objection to
25 this plus the add-on that we just saw?

1 (No audible response.)

2 THE COURT: All right.

3 MR. BAINS: Your Honor, Brandon Bains. I guess my
4 question, I have not see this language before. I'm not sure
5 what is different here than what we had in Paragraph 97.

6 Certainly, Mr. Ripley, if I'm missing something, but I
7 know that we already tried to reserve all of our rights
8 between our respective clients. Is there something different
9 here that's being reserved or is this proverbial belt and
10 suspenders?

11 MR. RIPLEY: Well, this all originated before the
12 new paragraphs, so there's no attempt to try and change if I
13 remember what was now, what, Paragraph 97. This may well be
14 belts and suspenders, but take a look and let me know if you
15 think there's something different.

16 MR. BAINS: I don't necessarily, I just didn't know
17 how that came about, if you were trying to modify what was
18 already up there on the reservation between sureties and
19 obligees. But that was my only question.

20 MR. RIPLEY: Yeah. No, this all originated before
21 that new paragraph even came in.

22 MR. BAINS: Understood.

23 MR. RIPLEY: Thank you, Judge, for letting us have
24 some discussion while we're going through this.

25 THE COURT: Thank you.

1 (Pause in the proceedings.)

2 MR. RIPLEY: Judge, the only other open change is in
3 Paragraph 108, and if you'll scroll down from where you see
4 the one insert on implementation agreement, the second insert,
5 right there, so one, two, three, four lines down there's
6 another CUSA definitive documents. So just two more lines
7 down. Yeah, if you go down to the -- two more lines.
8 Correct. We need to insert the saying, CUSA implementation
9 agreement and. So the sentence that starts, Execute and
10 deliver --

11 THE COURT: Is there any issue with that,
12 Mr. Carlson?

13 MR. CARLSON: No, no issue.

14 THE COURT: Thank you. All right.

15 MR. RIPLEY: And that was it. And again, Judge, we
16 really appreciate both the Weil team and the Davis Polk team
17 working with us.

18 THE COURT: Thank you.

19 (Pause in the proceedings.)

20 THE COURT: Do we need to put a time in for that
21 hearing or --

22 MR. CARLSON: I was just -- I just wondered that
23 myself. We'll add the time.

24 THE COURT: Thank you.

25 (Pause in the proceedings.)

1 MR. CARLSON: This additional paragraph addresses --
2 it should potentially mirror the BP and XTO paragraphs on this
3 issue. And we'll look to Mr. Kind to confirm whether or not
4 they're signed off, I'm just not sure.

5 THE COURT: Let me get Mr. Kind's line active. Hold
6 on.

7 (Pause in the proceedings.)

8 THE COURT: Mr. Kind -- and, Ms. Rogers --
9 Ms. Rosen, I just saw your line, I'll come back to you in just
10 a second, I apologize, I didn't see it before.

11 Mr. Kind.

12 MR. KIND: Your Honor, good morning. Thank you. We
13 think this language largely accomplishes what we were
14 discussing with counsel. However, we had one lingering issue
15 that the protective language as written only applies to
16 assumed contracts, and we wanted to make clear that the
17 recoupment is available for the purposes of reconciling and
18 resolving rejection claims as well in connection with rejected
19 contacts. That's really the only lingering and open issue.

20 MR. CARLSON: So, Your Honor, on that point I think
21 a couple of things. I think, you know, as of the effective
22 date on a rejected contract, you know, we think obviously all
23 the contractual rights fall off including any set off rights.
24 And we think the Plan is pretty clear on how we treat
25 rejection damages, so didn't think that there was any need to

1 preserve any rights here on this point.

2 MR. KIND: I think, Your Honor, just to clarify I
3 think, we know that, you know, per Section 363 sales can
4 proceed free and clear. I think what our concern is about is
5 about making sure that the valid set off and vetting process
6 for pre-effective date and pre-rejection amounts are included
7 in the type of the protective language that is in that
8 paragraph. And, you know, we aren't looking to get any extra
9 right, it's just about making sure that the ballot itself
10 right up to the rejection part are respective.

11 THE COURT: So I'm not sure what happens on a pre-
12 effective date set off -- a post-petition, pre-effective date
13 set off on a rejected contract. So let's start with I don't
14 know the answer to that question. Are you asking me to
15 resolve it right now, or what are you asking me to do about
16 that?

17 MR. KIND: Well, Your Honor, you know what, I would
18 propose just a couple of -- you know, maybe changing seven
19 words to make clear that this paragraph then refers to all
20 executory contracts between Cox and the Debtors. If the
21 Debtors --

22 THE COURT: Yeah, but that asks me -- that asks me
23 to resolve it today in a way and I don't -- that may be the
24 correct resolution. I don't know is the problem. So what do
25 you think I should do? Do you think this cuts off those

1 rights as opposed to -- I just think it leaves them wherever
2 they are. I'm saying that these don't adversely affect the
3 assumed ones, and I actually don't know what the Plan's going
4 to do, or what the effect of the Plan is on a post-petition
5 pre-rejection motion filing pre-effective date but rejection
6 could be retroactively effective.

7 I mean there are just so many permutations there,
8 doesn't that wait for another day to determine what occurs, or
9 am I missing your point? Because I don't think I can resolve
10 it if I don't know the whole law on it, and I don't mean to be
11 too ignorant about it, but I don't know it.

12 MR. KIND: No, Your Honor, those points are well
13 taken. I think that the concern is that when the Plan
14 specifies a rejection, damages claims can be brought but that
15 will be classified as an unsecured claim, I think there's a
16 concern about, well, you know, in order to prepare that claim
17 are we allowed -- you know, are they trying to cut off our
18 right to take into effect the vetting that we assert, you
19 know, we're entitled to per the contract before they were
20 rejected. But, Your Honor --

21 THE COURT: So, let me go back to Mr. Perez on this
22 one. This has been sort of your bailiwick so far. What do we
23 do on a provision in the Plan like what Mr. Kind is
24 referencing where -- you know, I don't know if you can do that
25 or not, you certainly -- it's a fair provision in a Plan, but

1 if he's saying he's not sure that you can cut off his secured
2 rights, if he has them, how do you think we ought to handle
3 that?

4 MR. PEREZ: Two things, Your Honor. Number one, I
5 don't think the paragraph cuts off whatever right of whatever
6 rights he has. And to the extent that he's allowed -- he's
7 entitled to file a claim as a result of the rejection damages,
8 and for instance even if we say in the Plan that he's entitled
9 to file a claim, you know, they're holding a deposit, I don't
10 think the Plan would be able to vitiate that hold -- the
11 deposit.

12 And to the extent that he has a valid claim for a
13 set off, again, I don't think we -- I don't think that the
14 Plan would cut that off on a pre basis, Your Honor.

15 THE COURT: So he's -- what he -- and I haven't
16 looked at this provision, he's telling me the Plan itself says
17 that damages from a -- from the rejection of a contract will
18 be treated solely as an unsecured claim. So if they have
19 damages for which they have set off rights, and again, those
20 may not be effective, I don't know, but what do we do so that
21 that argument gets preserved?

22 MR. PEREZ: Well, Your Honor, I think we're having
23 this colloquy on the Record, but normally when you file a --
24 when you get a claim it does give rise to an unsecured claim.
25 To the extent somebody I guess is holding security, then that

1 unsecured claim would have whatever security that person is
2 holding. It's kind of how the Plan purports to strip any of
3 that security.

4 THE COURT: Mr. Kind, it is 9:10 in the morning
5 Central Time, with Mr. Perez estopping his client. Are you
6 okay with that?

7 MR. KIND: Your Honor, I think, you know, I think
8 those statements mean that we kind of -- we resolve these
9 issues in the context of resolving whatever claim we filed,
10 you know, in connection with the rejection. So, Your Honor, I
11 think I'm satisfied with that understanding. But I think what
12 I would ask is perhaps that we have a, you know, a provision
13 that gives us 45 days to file such a claim which mirrors what
14 was done for BP in Paragraph 133, sub 4, which is pretty
15 much -- you know, mirrors what's in the Plan but provides an
16 extra 15 days.

17 THE COURT: Any problem with --

18 MR. KIND: And I -- with that --

19 THE COURT: -- giving them 45 days to file a
20 rejection claim, Mr. Carlson?

21 MR. CARLSON: No, no, Your Honor, that's perfectly
22 fine.

23 THE COURT: Okay. Yeah, add that language, please.
24 Thank you.

25 Are we okay, Mr. Kind? All right.

1 MR. KIND: I think so with those understandings,
2 Your Honor.

3 THE COURT: All right. Thank you.

4 Ms. Rosen.

5 MS. ROSEN: Thank you, Your Honor. I just -- I
6 wanted to clarify back on Paragraph 127 V --

7 (Pause in the proceedings.)

8 MS. ROSEN: Okay. Thank you, Your Honor. I know --
9 and there were a lot of changes going around yesterday and I
10 believe the language that we agreed to for that parenthetical
11 was to say, "In a manner that is not inconsistent with the
12 applicable XTO -- Exxon/XTO executory contract." I don't know
13 this necessarily is a change from that, but I just wanted to
14 clarify that I can see a situation where the applicable law
15 may not identical to the language of the contract, and I just
16 wanted to make sure that it was clear that we are preserving
17 our rights to exercise any valid netting under applicable law.
18 I would prefer it to say, "In a manner that is not
19 inconsistent with our contracts," because otherwise I think it
20 runs a risk of making it an and instead of an or.

21 THE COURT: Yeah, I'm not going to do in a manner
22 because that involves -- or implicates procedural issues
23 rather than substantive ones, and I think unless incorporates
24 both.

25 MS. ROSEN: Okay.

1 THE COURT: So I'm going to overrule the objection
2 on that.

3 MS. ROSEN: Okay. Thank -- okay.

4 THE COURT: Thank you.

5 MS. ROSEN: Thank you, Your Honor.

6 THE COURT: Thank you.

7 MR. CARLSON: So, Your Honor, from the Debtor's
8 perspective I believe that counseling, which was the only --
9 the last open issue, we do have a few more changes we can walk
10 the Court through here, but --

11 THE COURT: I may want to --

12 MR. CARLSON: -- otherwise --

13 THE COURT: -- make sure that all the parties here
14 have a chance to object to everything, so I'm going to just
15 keep going page-by-page --

16 MR. CARLSON: Understood.

17 THE COURT: -- on this.

18 MR. KIND: Your Honor --

19 THE COURT: Yes.

20 MR. KIND: -- I'm sorry to interrupt but I just
21 wanted to clarify. Is the language that Mr. Carlson's going
22 to add to the Cox paragraph, I'm sure he'll send it over, but
23 is it going to reflect our understanding on the Record that
24 we'll -- that any set off issues on the rejection claims would
25 be resolved in the claims reconciliation process.

1 THE COURT: No, we're not going to include any
2 language about that. We're going to deal with estoppel from
3 what Mr. Perez said. That language is simply going to give
4 them 45 days to file a claim.

5 MR. KIND: Okay, Your Honor. Thank you.

6 THE COURT: Thank you.

7 (Pause in the proceedings.)

8 MR. CARLSON: We'll change that to 150.

9 THE COURT: Thank you.

10 (Pause in the proceedings.)

11 THE COURT: All right. This is -- all objections
12 previously made and overruled are preserved. Does anyone have
13 any new objection that they wish to voice to the form or the
14 substance of the confirmation order?

15 (No audible response.)

16 THE COURT: All right. Look, I owe a debt of
17 gratitude to everybody on the call for all of your
18 professionalism, and as I said yesterday, I think especially
19 to Mr. Carlson.

20 I also want to mention the sureties who, as far as
21 I'm concerned, have presented their case in such a
22 professional way to preserve their objections and have
23 consistently recognized that their duties as officers of the
24 court is to implement the Court's orders. And I think they
25 have done their best to do that, and I very much appreciate

1 that.

2 So the professionalism of everyone in the whole
3 hearing, this has been a long, hard hearing, is just
4 completely appreciated by the Court and I appreciate the
5 lawyers who are here.

6 Mr. Carlson, what I would like for you to do is to
7 file one integrated document so that you have all of the
8 attachments with it, non-redlined, that I can sign that is
9 everything without me needing to add any additional
10 attachments to it so that I don't get that wrong. And when
11 you get that filed, if you would contact Ms. Do, I'm not going
12 to hold another hearing, I'm going to sign the order.

13 MR. CARLSON: That sounds great. We'll do that. I
14 do want to point you to a few changes we've made to the Plan
15 just so the Court is aware and not surprised by that. But it
16 shouldn't be controversial changes I don't think.

17 THE COURT: So let me get the redline.

18 (Pause in the proceedings.)

19 THE COURT: All right. Go ahead, please.

20 MR. CARLSON: Sure. So on Page 7 is the additional
21 predecessor agreement definition. There was discussion with
22 Ms. Liou and Mr. Perez yesterday on that point. We think this
23 is consistent -- if you'll go up, I'm sorry, to --

24 THE COURT: Oh, ECF Page 7?

25 MR. CARLSON: Page 7, ECF Page -- that's right.

1 (Pause in the proceedings.)

2 THE COURT: All right.

3 MR. CARLSON: And then I believe the only other
4 change is inside Section 5.13A, which should be conforming to
5 97 of the order.

6 (Pause in the proceedings.)

7 THE COURT: All right. Thank you.

8 MR. CARLSON: Yeah.

9 THE COURT: So I mean this from the -- with all
10 sincerity, what I think is being accomplished in the
11 Bankruptcy Court is in the best interest of the United States,
12 is in the best interest of the creditors of this estate, and I
13 very much appreciate all of the hard work and effort done.

14 Mr. Kuebel, you had something you wanted to add. Go
15 ahead.

16 MR. KUEBEL: Yes, Your Honor. If you wouldn't mind,
17 could -- this is Rick Kuebel on behalf of McMoran and
18 ConocoPhillips companies. Could I impose on the Court to go
19 back to the definition language of the additional predecessor
20 agreements for one second?

21 THE COURT: Yes, sir.

22 MR. KUEBEL: The new language with it.

23 (Pause in the proceedings.)

24 MR. KUEBEL: And I just wanted to point out to the
25 Court that I think the change of moving it to the effective

1 date is probably better as it does give us some time if
2 Mr. Perez still wants to speak to me to try to work out
3 agreements for some of the other predecessors. But when we
4 talked about this with the Court I believe yesterday, I think
5 we also talked about that there would be some process for
6 filing notice and bringing those back in front of the Court.

7 I just wanted to make sure that this language was
8 consistent with the Court's expectations in that regard.

9 THE COURT: I actually noticed that too but if no
10 one was going to object, I wasn't going to raise it. I do
11 think that's what we said. Let's go ahead and I think, what,
12 give notice seven days prior to the effective date and that
13 should give everybody enough time to come into court if they
14 want to come in. That cause any heartburn for anybody?

15 (No audible response.)

16 THE COURT: Mr. Carlson, Mr. Perez, you all okay
17 with that?

18 MR. CARLSON: I think the Debtors are fine with it.

19 MS. LIOU: Yes, Your Honor.

20 THE COURT: Mr. Kuebel, does that work for your
21 client?

22 MR. KUEBEL: Yes. Thank you, Your Honor. And I
23 apologize for interrupting and --

24 THE COURT: No --

25 MR. KUEBEL: -- thank Your Honor for the courtesy

1 that --

2 THE COURT: No, I think it's --

3 MR. KUEBEL: -- you gave --

4 THE COURT: -- the right thing to do. I was going
5 to raise something on my own that I thought the parties would
6 agree to, but I didn't realize that was -- remained as an
7 issue, but I do think what you've raised is consistent with
8 what I said, and if we make it seven days, we'll get there.

9 I do have somebody from 504-832-0680 --

10 MR. KUEBEL: Thank you.

11 THE COURT: -- that wants to address an issue.

12 MR. FORSYTH: Yes, Your Honor, this is David
13 Forsyth, I represent (indiscernible) Oil Company. I just have
14 a question. When will the new Plan supplement be filed? I
15 know that we have one issue, that there was a production
16 handling agreement that was not scheduled, was being assumed,
17 but it was listed on Exhibit 3F to the Apache agreement, and
18 the way the documents read is that would prevail. I had
19 understood that that was going to be changed and deleted from
20 the -- from Exhibit 3F. And I'm sure there are other things
21 like that, I just wondering when those kinds of things will be
22 taken care of.

23 THE COURT: Ms. Liou, is that in your bailiwick?

24 MS. LIOU: Yes, Your Honor. We are working on
25 updating documents and hoping to get that on file today.

1 THE COURT: Good. Thank you.

2 MR. FORSYTH: Thank you.

3 THE COURT: Thank you.

4 From 504-458-0820?

5 MR. NORTH: Hi, Your Honor. This is Tom North
6 (phonetic) for ROI Insurance Company. I was just going to
7 raise the same point about the language on the additional
8 predecessor agreement, but it looks like that's been resolved.

9 THE COURT: Are you okay with the seven days to
10 where if you have a problem, you can come on in and get a
11 hearing on it?

12 MR. NORTH: Yeah, we are, Your Honor. Thank you.

13 THE COURT: Okay. Thank you.

14 All right. I am concluding the confirmation hearing
15 and I am moving the motion for relief from the stay hearing in
16 this same case. Mr. Kadden, if could get you to press five
17 star, please.

18 Those of you that don't want to stick around to hear
19 Mr. Kadden, it's going to be interesting, but you can leave,
20 you don't need permission, just hang up your phone and
21 disconnect your camera and we're going to move to the motion
22 for relief from the stay.

23 Mr. Kadden, Good morning.

24 MR. KADDEN: Well, good morning, Your Honor.
25 Benjamin Kadden. I'm a little saddened by the number of

1 people who are dropping who don't want to watch my
2 performance.

3 Your Honor, we're here today after a very lengthy
4 and complicated confirmation hearing, and on behalf of
5 Atlantic Maritime Services, asking for what we believe to be
6 very targeted and limited relief from the automatic stay. The
7 issue, Your Honor, that it mainly gets faced with is that we
8 are about approaching on July 16th and July 23rd, the one-year
9 deadlines for filing suit on our Louisiana oil well liens in
10 either State or Federal Court.

11 As Your Honor is well aware, we had initially sued a
12 number of non-debtor working interest working interest owners
13 to protect and preserve our rights vis-à-vis those entities.
14 Those matters have been stayed by agreement of the parties,
15 and following the hearing with Your Honor in November have
16 indicated and multiple times extended. And most recently the
17 stay extension order now runs through the effective date of
18 the Plan.

19 The issue, Your Honor, is that we're now about three
20 weeks from the first set of liens expiring, the one is
21 expiring beyond the second set of liens July 23rd, a little
22 less than a month. And quite frankly, Your Honor, insofar as
23 the effective date that comes prior to those dates, we
24 probably do not have an issue because the stay seems to have
25 effect under 362(c)(2)(C).

1 However, given that the Plan includes I think 21
2 contingent precedents, many of which are indeterminable on
3 their face, we're faced with the prospect of the effective
4 date not occurring prior to those one-year deadlines.

5 And so therefore what we ask, Your Honor, is to give
6 us authority and lift the automatic stay to do four things.
7 First, to amend the complaint that was filed against Ecopetrol
8 to name Talos as an individual party. Second, to amend the
9 lease to name Talos. Third and fourth, to file suit against
10 and file notice of lis pendens again to Houston Energy and Red
11 Willow with respect to our liens on Mississippi Canyon 519.

12 Thereafter, Your Honor, we would agree to re-
13 implement the automatic stay and extend the extension order to
14 the new lawsuit on MT519 unless and until the occurrence of
15 the effective date, that there wouldn't be any further
16 distraction in the (indiscernible) and Debtors, et cetera.

17 Your Honor, in the opposition filed by the Debtors,
18 albeit prior to confirmation, prior to the tremendous amount
19 of work and hard effort in getting to a largely consensual
20 confirmation order, the Debtors filed an objection really
21 based on three items. First, they were concerned about the
22 Debtors being distracted during confirmation. I will say I
23 believe the limited relief we've requested could have likely
24 been done by a stipulation and avoided briefing and a hearing,
25 but they opted not to get on that tab, and that's their

1 prerogative.

2 However, the distraction factor has now been mooted.
3 The case has been confirmed and we're now moving to a
4 confirmation order.

5 Second, they argue that the -- or the determination
6 on the policies on the dispositive motions in the pending
7 adversary we need relief from requested relief. Your Honor,
8 we respond only to say that even insofar as Your Honor were to
9 rule in favor of the Debtors, our appeal period on such a
10 ruling would still not expire until after the applicable one-
11 year deadline. And so in order to preserve our rights we
12 still need to file those lawsuits on or before July 16 and
13 July 23.

14 And then finally, Your Honor, they've raised the
15 prospects of Section 108(c), extending the deadline by 30
16 days. And we set forth in our papers Section 108(c) is clear
17 that it's only applicable to claims against the Debtor. And
18 while they cited no authority, we both have an found an
19 authority that it's specifically protected and they can give
20 us an additional 30 days.

21 And therefore, Your Honor, we would ask to take the
22 four limited steps set forth in our motion and we would agree
23 to reimposition of the automatic stay and application of the
24 stay extension order pending the effective date of the Plan.

25 THE COURT: Mr. Kadden, thank you.

1 Who's going to respond for the Debtor?

2 MR. PEREZ: Your Honor, I am.

3 THE COURT: Go ahead, please.

4 MR. PEREZ: Your Honor, a couple of points. Number
5 one, obviously to the extent that the Court rules in our favor
6 with respect to any one of our summary judgments, this would
7 in essence moot it. I understand Mr. Ord's (phonetic)
8 comments that they would want to preserve their ability to
9 appeal. They don't have to do that right now, Your Honor. At
10 the earliest they would be time barred in mid-July. So
11 certainly to the extent that the Court rules between now and,
12 you know, even a few days before the 16th, the playing field
13 would be completely different.

14 And, Your Honor, the prejudice to us comes with the
15 incremental costs that we risk incurring if we lose. And that
16 is -- that to the extent that there is an indemnification
17 obligation, that indemnification obligation would go -- would,
18 you know, continue to accrue even after we would -- you know,
19 even if we prevail that they're allowed to go forward at this
20 time.

21 So, Your Honor, at a minimum we would request that
22 if there is a -- that if the Court is inclined to lift the
23 stay before the Court rules that the stay not be lifted until,
24 you know, some time shortly before the 16th and shortly before
25 the 23rd so we minimize any impact and costs that potentially

1 the Debtors would be liable for, Your Honor.

2 THE COURT: So, Mr. Kadden, what do you think of --
3 if we entered an order today and it stayed for 14 days, we're
4 talking about the 9th, if we did what you asked for and make
5 it explicit that the effect of the order, you know, occurs on
6 the 10th, because that would I think be what it would be as a
7 matter of law, we'll just make that clear, but in the meantime
8 we'll go ahead and hold the summary judgment hearing and see
9 what happens, which could moot it and no point in anybody
10 wasting money. But assuming that you prevail on the summary
11 judgment, then on the 10th you could file what you need to
12 file. Does that work, Mr. Kadden?

13 MR. KADDEN: Your Honor, two comments. One, I think
14 for purposes of timeliness that does, in fact, work. Summary
15 judgment hearing has already been had, the matter's under
16 advisement, and so my only concern is even insofar as you were
17 to rule on or before July 10, we still need the ability to go
18 ahead and file those suits on or before the 16th. Because the
19 appeal period will have not run in the period, even if you
20 were to issue a ruling this afternoon, we would still be
21 within the appeal period.

22 THE COURT: You make a good point, Mr. Kadden.
23 First, and among other things, I didn't remember we'd already
24 had that hearing, so I'm going to have to go back and see what
25 the status of that is too. What do you think of an order that

1 allows them to do that limited activity starting on the 10th
2 of July, Mr. Perez?

3 MR. PEREZ: Your Honor, I think that's fine. And
4 let me make one other point. I would fully expect, Your
5 Honor, that if we go effective and the Court hasn't ruled, or
6 even if the Court has ruled, that we would seek to continue to
7 impose this -- you know, a stay pending, you know, final
8 resolution of that issue. And it's probably the single
9 largest dollar amount in our -- in the comments, you know,
10 Mr. Green and Mr. Dane, so I really do think that the fact
11 that there is -- that we would go effective and the stay would
12 no longer affect, I clearly think that we would request that
13 that -- you know, that the whole thing be stayed until the
14 Court's able to --

15 THE COURT: Yeah --

16 MR. PEREZ: -- rule on our motion.

17 THE COURT: -- I appreciate the heads up, and I'll
18 let you take that up when you get there.

19 For now I'm going to go ahead and grant the limited
20 relief requested by the movant. I want the order to recite,
21 not just to rely on this 14-day stay so there's no confusion
22 about it. And that the first day on which you can act under
23 it will be July 10. I don't want to address the issue that
24 Mr. Perez is raising as to whether we would then extend the
25 stay past some effective date. We'll deal with that when I

1 get an appropriate motion and can consider it.

2 So if you all can agree on the form of order, that
3 would be great. It will be on the 10th and not 14 days. So
4 if you takes you all five days to agree on a form of an order,
5 it's not going to cost you five days, Mr. Kadden, it'll -- I
6 want the specific date recited so that we don't have that kind
7 of an issue. Okay?

8 MR. KADDEN: Understood, Your Honor. Thank you very
9 much.

10 THE COURT: All right. I show that concludes all
11 matters that we have. Oh, wait, I have a motion to extend
12 time. I'm not sure what that is. Let me just see.

13 (Pause in the proceedings.)

14 THE COURT: I didn't hear you?

15 UNIDENTIFIED SPEAKER: I was going to ask one of the
16 Debtors (glitch in the audio), Your Honor.

17 THE COURT: Just a minute.

18 (Pause in the proceedings.)

19 THE COURT: It was a motion to extend time to file a
20 late filed objection to the Plan. That is orally granted and
21 was considered.

22 All right.

23 MR. CARLSON: Your Honor, we may --

24 MR. KADDEN: I just want to quickly apologize. I
25 did not realize I had failed to turn on my camera. My

1 apologies, Your Honor.

2 THE COURT: Yeah, we might have all been better off
3 that way, Mr. Kadden. We just don't know.

4 (Laughter.)

5 MR. KADDEN: Thank you, Your Honor.

6 MR. CARLSON: Again, on behalf of everyone on our
7 team and all of our, you know, all of our clients, we really
8 want to thank you for all the time and effort that you put
9 into this and we really appreciate that we've gotten to this
10 point. I believe that Mr. Dane wanted to say a couple few
11 words, if that's possible, Your Honor.

12 THE COURT: Mr. Dane, good morning. Let me get your
13 line active. Good morning, Mr. Dane. A pretty major
14 accomplishment for your company. Congratulations.

15 MR. DANE: Thank you very much, Your Honor. I don't
16 want to take up too much more of the Court's time beyond the
17 year or so that this company has already taken in your court,
18 but I agree with you. I did want to just take a couple of
19 minutes to acknowledge some of the parties that were involved
20 in this process.

21 Obviously, as Your Honor noted and many of the
22 parties noted, this has been a very long, very long process,
23 very complicated process with a lot of stakeholders. As a
24 start we want to acknowledge the Court for the court and Your
25 Honor's time and dedication to this case. We know that we've

1 put many, many issues in front of Your Honor and appreciate
2 all the thoughtfulness on each of the various topics.

3 I can say personally from me it's been a year-long
4 education process, and we all appreciate everything that the
5 Court has helped us accomplish through this restructuring. We
6 did want you --

7 THE COURT: Just don't come back for a graduate
8 degree, please.

9 (Laughter.)

10 MR. DANE: I hope not. It's not the intention, Your
11 Honor.

12 I did want to also acknowledge -- and I'm glad to
13 see Mr. Balasko joined us again -- the various folks that
14 Fieldwood has been engaged with at the Government. I think
15 Mr. Balasko mentioned yesterday that the Government has spent
16 many hours working on this, I think that that's a patent
17 understatement. I know that he's spent many, many hours and
18 it's been a momentous effort, took a lot of patience.

19 And it's not just Mr. Balasko and his colleagues,
20 but also folks at the region as well whose job unfortunately
21 doesn't end here with the implementation of this Plan. It's
22 going to require a lot of effort from those folks as well.
23 And so we appreciate all that effort. And the Government was
24 very clear with Fieldwood from the outset about their
25 expectations for what this Plan needed to accomplish.

1 And there was frankly some very challenging
2 conversations, but what was apparent to the Fieldwood team was
3 how the folks that we worked with were just incredible
4 advocates for their department's interests. You know, at
5 times almost too incredible for what we were hoping to
6 accomplish early on in getting this Plan pushed through
7 quickly. But they did an amazing job, and they were very
8 important facilitators of the consensual arrangements that we
9 were able to accomplish that I know that we wouldn't have been
10 able to accomplish without their involvement.

11 And I'm pleased that my opinion, like I think I
12 heard Your Honor say, that I believe that this Plan is in the
13 best interest of the US, the Government, and we're excited to
14 be able to implement it.

15 One of the other things I wanted to mention, Your
16 Honor, at the outset of this case we made the comment that we
17 understood that our case presented a number of challenges to
18 many stakeholders, and that we were committed to finding as
19 many consensual resolutions as possible with this Plan, and I
20 believe we do do that. But we're still committed to
21 continuing to resolve any parties' issues. The company is
22 actively engaged in working with additional parties whose
23 issues may not have been resolved to their satisfy through
24 this order. And our lines remain open to do so. We're hoping
25 to put as many parties in the best possible place as we

1 possible can.

2 I did want to also acknowledge certain companies
3 that were instrumental in this Plan, and that's namely Apache,
4 Chevron, ENI and Hunt and their counsel. These companies
5 recognized the challenges early on and they -- in my opinion
6 they stepped up and engaged with us in a very constructive way
7 to make this Plan happen. I believe that they represent
8 really good corporate citizens and good overall business
9 people.

10 And so our commitment from Fieldwood's perspective
11 and the NewCo's perspective is to making sure that we can
12 successfully live up to the expectations that are outlined in
13 the Plan and that are outlined in these various consensual
14 arrangements. And we appreciate the efforts of those various
15 companies and their contributions to this Plan.

16 Second to the last, Your Honor, Your Honor
17 acknowledged all the professionals in this case and this
18 really wouldn't have been possible without their effort. I
19 would say it was a Herculean effort from the standpoint of the
20 professionals.

21 And that's really on all sides, I'm not only
22 speaking to the company and lenders' counsel, but all the
23 various professionals in this case. I personally found it
24 very educational and enjoyable to get to understand all the
25 various parties and personalities and get to learn more about

1 those folks. The intellectual horsepower that I observed
2 from this group was very intimidating, but also very, very
3 impressive.

4 So I really do want to say thank you to the Debtors'
5 and the lenders' professionals in particular because it's --
6 their contribution is really indescribable and it wouldn't
7 have been achievable without their amazing efforts.

8 And then lastly, Your Honor, the employees and
9 contractors of this company. I know that we have -- we've
10 told Your Honor many times how vast, you know, our operations
11 are, but there's literally thousands of folks that have been
12 watching this process unfold for a very, very long time, and I
13 wanted to acknowledge those employees and contractors for
14 their dedication and efforts, despite all the challenges.

15 And there really was so many things that came to pop
16 up over the last year starting with the price challenges and
17 then we had COVID and then we had the continuing uncertainty
18 of this process. We had an unprecedented hurricane season
19 last year. There was just a number of things that continued
20 to present themselves as challenges throughout the course of
21 the last year or so.

22 We committed to communicating with these parties as
23 best as we could throughout the process. I hope that we lived
24 up to their expectations from that standpoint. But they were
25 all watching this for a very long time. And these people

1 supported the business in an unbelievable way throughout all
2 these challenges. It wouldn't have been possible to maintain
3 this business without their dedication. And I know we all
4 know this, but the decisions that are made through this
5 process amongst all the parties have a very real impact on all
6 these people.

7 So I wanted to -- speaking on behalf of all of
8 Fieldwood employees and contractors, I did want to thank the
9 Court and all the other parties for providing an opportunity
10 for us to be able to look forward to the future of this
11 company and what we're able to accomplish under this Plan. So
12 thank you very much, Your Honor.

13 THE COURT: Mr. Dane, thank you so much for the
14 comments. They are not unexpected given the quality that you
15 and your staff have shown throughout this case, that you would
16 recognize others, and it's very appreciated. Thank you.

17 MR. DANE: Thank you, Your Honor.

18 THE COURT: Anybody else? Ms. Russell, I see you
19 there, and I think about people like, you know, you and
20 Mr. Schaible who I will just highlight where you all don't
21 speak a whole lot at the hearings because you got all your
22 work done behind the scenes, as you typically do. And so
23 we've got lawyers that don't get that well recognized at
24 hearings because the big heavy lifting in a case like this
25 isn't at the hearings, it's getting deals done.

1 And when I think of how you and Mr. Schaible must
2 have worked hand-in-hand to get that done as sort of the two-
3 lead outside counsel, it's just so impressive that -- what you
4 all did. I know he's not here, but I hope you'll pass on to
5 him that I recognize that the two of you were in large part,
6 as you usually are, making deals behind the scenes, and it's
7 appreciated.

8 All right. Yes, somebody else wanted to speak. Go
9 ahead. Ms. Russell, that's you. Go ahead.

10 MS. RUSSELL: Yes, Your Honor. Thank you for your
11 kind comments. And we echo then (indiscernible). There were
12 so many wonderful professionals involved in this case, and we
13 appreciate all that Weil and Davis Polk and the company did to
14 get across the line. But you, Your Honor, were perhaps the
15 most important piece of this, giving people hearings quickly
16 and considering all the different complicated arguments and
17 getting us to the right place. Thank you.

18 THE COURT: Well, that's actually not accurate. I
19 mean in fairness I mean judges do play a major role in a case
20 like this, but we can't determine the outcome. The outcome is
21 determined is by the parties that are able to put together
22 such a complicated transaction.

23 You know, I've spoken before, and I believe even in
24 these hearings, that people think that the Government is just
25 full of mindless bureaucrats, and when you look at what the

1 Government has done in a case like this to represent the
2 interests of the people in the United States, not in a
3 mindlessly bureaucratic way but in a way where they have, you
4 know, maximized the outcome. And, you know, that's a credit
5 to Mr. Balasko.

6 He stands on the shoulders of Ms. Hudson, who I
7 think paved the way for this type of effort to occur where the
8 Government has decided to take a realistic approach to having
9 to solve problems. And when we think of all the people that
10 came together on this, it wasn't me. It was you and the
11 Debtors and the Government and everyone.

12 So I appreciate the comments and I may have given you
13 all the ability to go get a deal done, but I didn't get the
14 deal done. You all got the deal done, and it's very
15 appreciated.

16 All right. Well, hold on, I've got one other person
17 that wants to talk. Oh, that was just you again. Okay.

18 Thank you. We're in adjournment until 11:00 o'clock
19 this morning.

20 (Hearing adjourned 9:45 a.m.)
21
22
23
24

25 * * * * *

/S./ MARY D. HENRY

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